

Farm Bill Testimony of
John M. McClung
Texas Produce Association
before
Subcommittee on Livestock and Horticulture
June 19, 2001

My Chairman, members of the subcommittee, my name is John McClung, and I am president of the Texas Produce Association, headquartered in the Rio Grande Valley of South Texas. Thank you for this opportunity to appear before you today.

I want to commend you and your colleagues, Mr. Chairman, for calling this hearing. U.S. farm policy, as it will be memorialized in the 2002 Farm Bill, is of enormous import to all of us. It is my belief that the long and difficult debate over this legislation that we all will participate in during the months ahead will be critical to not only the financial wellbeing, but perhaps the very existence, of a strong domestic agricultural sector. American agriculture today is, arguably, more fragile than at any time since the Depression years. For those of us in the produce business, who traditionally have had relatively little involvement in Farm Bill programs, these are uncertain times and I must admit that there is not consensus in our ranks, or at least among my members in Texas, on several key Farm Bill components. We recognize, however, that you, Mr. Chairman, have consistently been mindful of fruit and vegetable industry needs and we look forward to working closely with you as the process evolves.

The produce industry, in Texas, has just gone through two decades or more of economic decline. We have slipped from the third largest producer of fruits and vegetables among the 50 states to fifth, maybe sixth. We are hopeful that we have turned the corner, but in all honesty, it is too early to tell. There are many reasons for this situation, among them freezes and droughts, intense international competition, retail consolidation, and our own lack of foresight in product development, promotion and marketing. Certainly not all of these factors can be laid at government's door, but clearly we need thoughtful, enlightened federal policy if we are to ever be able to stabilize and improve our lot.

If we are to retain a strong agricultural capacity in this country—if the Congress and the Administration believe that such a food and fiber community is desirable for national security or societal or other reasons—then the Farm Bill debate can only be over how to pay for it. In other words, the American and world public must pay more, either directly in the marketplace or indirectly, through the government. I know this sounds simplistic, but when I first became involved in discussions about agricultural policy nearly 30 years ago, the average family spent some 15-17 percent of disposable income on food, as I remember. The most recent figures I have seen put the percentage at just over 10. And that's after the spike in eating outside the home, which increases food costs. For our consumers in this country, the abundant food supply is a miracle. An inexpensive miracle. For foreign suppliers of fruits and vegetables, the U.S. marketplace is a lucrative magnet. For the U.S. economy overall, trade barrier reductions and international agreements such as NAFTA, are a source of strength and economic reward. But for U.S. farmers and shippers, these factors combine to make for very tough sledding indeed.

So where do we go from here? Perhaps the most contentious issue for fruit and vegetable growers and shippers has to do with direct subsidies. Most of us have concluded that we do not want, at this time, to pursue a traditional subsidy program. I concur with my associates in that decision. We have credible reasons for that position. First, we do not want to submit to the production controls that logically would attach to direct payments. Second, we do not want to forfeit our "flex acres" protections, although we recognize they are not assured in future legislation. Third, we know that there will be a finite amount of subsidy money to go around, and the traditional "amber box" recipients are ahead of us in line. Obviously, the fairness of that latter situation is suspect.

We do, however, encourage market expansion programs, both domestic and international. We want to sell more produce. Our problem in Texas isn't that we can't produce enough onions, or citrus, or cabbage, or many other crops. It's that far too often we can't sell them profitably. So we do ask you to support expansion of the Market Access Program, domestic feeding programs, and efforts to educate the public about the dietary health benefits of produce consumption, among others. I must tell you, however, that I am far from certain that sales expansion efforts will benefit U.S. producers as much as we would all intend. If I am a Central American melon producer, or a South African citrus grower, or a Mexican onion or tomato producer, I view such U.S. market expansion efforts with every bit as much enthusiasm as my U.S. counterparts, perhaps more. And if I'm a food retailer, profitability has little or nothing to do with origin. Therefore, I would ask that Congress examine every avenue for making sure that revenue from these kinds of programs finds its way to U.S. producers and shippers, and that's no easy task. We all know the initial promise and subsequent reality of market expansion under the 1996 Farm Bill, and I hope accept that a false promise is worse than no promise at all.

I do want to vigorously endorse conservation programs that pay farmers to take acreage out of production for environmental and/or wildlife purposes. These types of programs do put much needed money in the producer's hands, and they meet the long-term needs of all Americans, urban and rural. Along the lower Rio Grande River where I live, some 95 percent of the native Tamaulipan scrub thorn habitat is gone, cleared years ago for

agriculture and urbanization. Now, we're in the process of putting some of it back. The producers I represent generally support these programs, assuming they are paid promptly and fairly for the voluntary diversion of their land. As famous as Texas red grapefruit justifiably are, our total production comes from less than 30,000 acres in eleven little counties in the southernmost corner of the state. Both private and public studies have shown that in recent years, ecotourism in those counties has contributed more to the local economy than the citrus crop. This fact is not lost on those producers who are in a position to capitalize on land diversion or other ecotourism opportunities.

Yet another area where it is possible for government to make concrete contributions to producers and shippers revolves around the exclusion of foreign pests. We in Texas shudder to think what would happen to our little citrus deal were we to get canker in our groves, as Florida has. We do have Mexican Fruit Fly, which the government is trying through an underfunded and understaffed program to eliminate. We are threatened by Medfly and Oriental Fruit Fly, to name just a couple of others. And there are many other pests that could devastate our crops. The U.S. Department of Agriculture, specifically the Animal and Plant Health Inspection Service and the Agricultural Research Service, simply must be staffed and funded adequately to address these risks effectively.

Let me close with a brief reference to one element in the much discussed safety net, specifically, crop insurance. Many of my members continue to be highly skeptical about crop insurance for at least a couple of reasons. First, they know that it is exceedingly difficult to write policies that eliminate or even minimize the opportunity for abuse. The recent fiasco over watermelon insurance is the stuff of dark humor in small town eateries throughout Texas. We have similar, if not so visible, concerns about the current onion insurance policy. Second, the good farmers—or those who think they are good farmers—believe crop insurance keeps less skilled and dedicated producers in business, and contributes to oversupply. Most of these individuals, however, have resigned themselves to the fact of crop insurance, and now are determined to focus on the writing of policies that preclude the most egregious abuses. To do that, they want policies to be commodity specific—what works for onions doesn't work for cantaloupe. They generally want insurance to cover true natural disasters, not manufactured disasters or economic shortfalls, and they want a policing mechanism that discourages “insurance farmers.”

There are, of course, other program areas worthy of discussion, but this isn't the time or place. Again, thank you Mr. Chairman for recognizing the special problems and needs of the produce industry, and for including us in the Farm Bill process. As always, my association looks forward to working with you and the Congress as the Farm Bill advances.